

# FISCAL NOTE

## HB 532 - SB 865

February 20, 1997

**SUMMARY OF BILL:** Amends the retirement law by providing that the average final compensation for teachers will be based on the average salary of the teacher's three highest consecutive years. Current law provides average final compensation as the average salary of the member's five highest consecutive years of salary.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$33,019,000 Annual Amortized Cost**  
**Increase Local Govt. Expenditures\* - \$14,151,000 Annual Amortized Cost**

Estimate above assumes:

- Total lump sum liability of \$485,000,000
- First year cost based on a 20-year amortization of lump sum liability
- Applies to all teachers who retire in the future as well as those already retired
- K-12 teachers assumes a 70-30% ratio between state and local funding

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director